

DEPARTMENT OF DEVELOPMENTAL SERVICES 2004-05 BUDGET ACT HIGHLIGHTS

Message from the Director

While the State continues its commitment to resolving the current fiscal crisis, health and human services remain critical cost drivers in the State budget. In the ongoing effort to curb the rate of growth in service costs while maintaining the core mission of the Department of Developmental Services (DDS) to provide quality services and supports to consumers with developmental disabilities in California, the 2004-05 Budget Act includes a number of programs directed at achieving these goals. As shown in the Funding Summary Chart, DDS's overall budget has increased over estimated actual expenditures by \$280 million, or 8.7%, over 2003-04. A significant portion of the increase, however, is due to the transfer of the Habilitation Program from the Department of Rehabilitation to DDS effective this fiscal year. Consequently, the net increase to DDS's budget is \$157.1 million, or 4.9%.

This year, the Community Services budget increased to reflect caseload growth, increased service utilization, the Habilitation Services Program transfer, and funding to facilitate the development of community-based living options for current residents of Agnews Developmental Center in anticipation of the facility's closure. The budget also includes continuation of the temporary cost savings measures implemented in 2002-03 and 2003-04, unallocated reductions in Operations and Purchase of Services, and a January 2005 implementation of a multi-year proposal to contain costs by implementing the Family Cost Participation Program for services purchased by regional centers for children aged 3 through 17 whose parents have the ability to pay.

The developmental centers budget has decreased primarily due to the projected decline of residents in the developmental centers system.

DDS's Headquarters budget increased to reflect the split responsibility of the vendor audit program with the regional center system, the Habilitation Services Program transfer, and staff needed for DDS's cost containment efforts in the regional center system.

I appreciate your support and continuing efforts in maintaining the integrity of service provision to consumers in California through these difficult fiscal times.

CLIFF ALLENBY

July 31, 2004

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2004-05 BUDGET ACT**

FUNDING SUMMARY

(Dollars in Thousands)

BUDGET SUMMARY:	2003-04 Est. Actual Expenditures	2004-05 Budget Act	Dollar Change	Percent Change
COMMUNITY SERVICES	\$2,478,567	\$2,755,908	\$277,341	11.2%
DEVELOPMENTAL CENTERS	707,129	705,181	-1,948	-0.3%
HEADQUARTERS SUPPORT	28,954	34,182	5,228	18.1%
STATE MANDATES	0	4	4	100.0%
TOTALS, ALL PROGRAMS	\$3,214,650	\$3,495,275	\$280,625	8.7%
FUND SOURCES:				
General Fund	1,954,954	2,231,084	276,130	14.1%
Reimbursements: Totals All	1,204,708	1,206,099	1,391	0.1%
<i>Medicaid Waiver</i>	579,379	603,405	24,026	4.1%
<i>Medicaid Waiver Administration</i>	4,223	9,769	5,546	131.3%
<i>Medicaid Administration</i>	9,119	9,138	19	0.2%
<i>Targeted Case Management</i>	106,879	104,710	-2,169	-2.0%
<i>Medi-Cal</i>	353,275	325,558	-27,717	-7.8%
<i>Title XX Social Services Block Grant</i>	147,903	147,903	0	0.0%
<i>All Other</i>	3,930	5,616	1,686	42.9%
Federal Trust Fund	51,911	54,037	2,126	4.1%
Lottery Education Fund	1,646	2,259	613	37.2%
Program Development Fund	1,431	1,496	65	4.5%
Developmental Disabilities Services Acct.	0	300	300	100.0%
AVERAGE CASELOAD:				
Developmental Centers	3,446	3,307	-139	-4.0%
Regional Centers	190,030	199,255	9,225	4.9%
AUTHORIZED POSITIONS:				
Developmental Centers	8,478.1	8,314.1	-164.0	-1.9%
Headquarters	342.5	381.5	39.0	11.4%

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2004-05 BUDGET ACT**

PROGRAM HIGHLIGHTS

Community Services Program

The 2004-05 Budget Act includes \$2.8 billion to provide services and support to persons with developmental disabilities in the community. This reflects an increase of \$277 million, or 11.2%, over 2003-04. A significant portion of the increase is due to the transfer of the Habilitation Program from the Department of Rehabilitation (DOR) to the Department of Developmental Services (DDS) effective this fiscal year. Consequently, the net increase to the Community Services Program is \$153.8 million, or 6.2%. Significant changes in 2004-05 are as follows:

Increased Service Utilization:

An increase of \$236.6 million (\$228.7 million General Fund and \$7.9 million reimbursements/federal funds) to fund additional costs in Operations and Purchase of Services for increased utilization of services based on projected consumer needs.

Operations:

Cost Containment

Net savings of \$5 million General Fund through: (a) an unallocated reduction to core staffing and projects; (b) funding for consultant services to implement a standardized provider rate system and to develop a federal waiver proposal for continuation and expansion of the existing Self-Determination projects; and (c) funding for regional center administrative activities associated with implementation of the Family Cost Participation Program. The 2004-05 Budget Act requires DDS to apportion the Operations unallocated reduction by regional centers using specific performance indicators.

Accelerated Medicaid Waiver Enrollments

An increase of \$2.8 million General Fund for ongoing administrative efforts to add and maintain consumers on the Home and Community-Based Services Waiver.

Vendor Audits

A decrease of \$2.1 million General Fund associated with transferring a portion of the vendor fiscal audit function from the regional centers to DDS.

Affordable Housing

An increase of \$.4 million (\$.1 million General Fund, \$.3 million Developmental Disabilities Services Account) to renew the interagency agreement between the Department of Housing and Community Development and DDS to monitor housing projects and for technical assistance to local, non-profit housing development corporations.

CADDIS Project Extension

An extension of \$5.1 million General Fund from a prior fiscal year due to a delay in implementing the California Developmental Disabilities Information System (CADDIS) until December 2004. The 2004-05 Budget Act requires the Department of Finance to report to the Legislature on the overall project status by October 1, 2004. In addition, DDS is required to provide to the Legislature copies of the monthly status and oversight reports on a quarterly basis beginning July 1, 2004.

Operations Analysis-Report to the Legislature

The 2004-05 Budget Act requires DDS to report to the Legislature by January 10, 2005, on key attributes regarding regional center operations, including personnel expenditures and positions; number of positions and classification levels assigned to the Home and Community-Based Services Waiver function; operating expenditures; and best practices and cost efficiencies regarding administrative procedures and operations expenditures.

Purchase of Services:

Cost Containment

Savings of \$88.1 million General Fund through continued 2003-04 cost containment measures, which include day program, in-home respite services agency, and other contracted-services rate freezes, residential service level freeze, suspension of the start-up of non-Community Placement Plan programs, elimination of the SSI/SSP pass-through, and extension of the time allowed for consumer intake and assessment from 60 to 120 days; implementation of a Family Cost Participation Program for services purchased by regional centers for children aged 3 through 17 whose parents have the ability to pay; and reduced growth trends due to the influence of cost containment measures.

Habilitation Services Program Transfer

An increase of \$123.5 million (\$101.8 million General Fund, \$21.7 million reimbursements) for transfer of the Habilitation Services Program from DOR to DDS, effective July 1, 2004.

Deferral of Habilitation Services Supported Employment Ratio Change

Deferral until July 1, 2005, of the change in the minimum habilitation supported employment group size from three consumers to four.

Continuation of the Habilitation Services Program Rate Freeze

Continuation of the Habilitation Services Program rate freeze implemented in 2003-04 prior to the transfer from DOR to DDS.

Transition from Agnews Developmental Center

An increase of \$11.1 million General Fund to develop community-based living options for current residents of Agnews Developmental Center. The 2004-05 Budget Act stipulates that these funds can only be used to facilitate the development of community-based living options for current residents of Agnews Developmental Center upon legislative approval and no sooner than 60 days after the Agnews Closure Plan is submitted to the Legislature.

Unallocated Reduction

An unallocated reduction of \$7 million General Fund. Pending passage of the 2004-05 Trailer Bill, DDS is required to report to the Legislature by December 1, 2004, on the methodology to apportion the unallocated reduction by regional center and on the approved components of the regional centers' expenditure plans to meet the unallocated reduction.

Developmental Centers Program

The 2004-05 Budget Act includes \$705.2 million (\$378.7 million General Fund) for the developmental centers. This reflects a net decrease of \$1.9 million, or a .3 % decrease from 2003-04 estimated expenditures. The total number of authorized positions for the Developmental Centers Program is 8,314.1, a net decrease of 164.0 positions. The budget supports a population of 3,307 residents, a decrease of 139 residents from 2003-04. Significant changes in 2004-05 are as follows:

Developmental Center Population Adjustment

A decrease of \$2.5 million (\$1.1 million General Fund) and 28 positions in the developmental centers system associated with the population decline of 139 residents (from 3,446 residents in 2003-04 to 3,307 residents in 2004-05).

Employee Compensation

An increase of \$12.9 million (\$7.3 million General Fund) for increased employee compensation costs. These costs are salary driven adjustments, i.e., health and dental benefits, approved through the statewide contract negotiations process.

Janitorial Contracts

An increase of \$2.3 million (\$1.8 million General Fund) to cover the costs associated with newly awarded janitorial contracts.

Life Services Alternative Project

An increase of \$750,000 in one-time reimbursement funding to provide transition assistance to enable individuals with developmental disabilities to receive services in the community.

Headquarters

The 2004-05 Budget Act includes \$34.2 million (\$22.8 million General Fund) for DDS's Headquarters budget, an increase of \$5.2 million, or 18.5%, over 2003-04 estimated expenditures. The total number of positions for Headquarters in 2004-05 is 381.5, an increase of 39.0 positions. Significant changes for 2004-05 are as follows:

Habilitation Services Program Transfer

An increase of \$1.4 million (\$1.2 million General Fund) and 14.0 positions resulting from the transfer of the Habilitation Services Program from DOR to DDS.

Cost Containment

An increase of \$713,000 (\$542,000 General Fund) and 7.0 positions to implement the Cost Containment proposal designed to contain growth in the regional center system over time by increasing parental responsibility through the Family Cost Participation Program, standardizing provider rates in the community, and developing a federal waiver proposal for continuation and expansion of the existing Self-Determination projects.

Vendor Audits

An increase of \$2.3 million General Fund and 19.0 positions resulting from the transfer of a portion of the vendor fiscal audit function from the regional centers to DDS.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2004-05 BUDGET ACT
PROGRAM DETAIL
(Dollars in Thousands)

	2003-04 Actual Expenditures	Est. 2004-05 Budget Act	Dollar Change	Percent Change
Community Services Program				
Regional Centers	\$2,436,438	\$2,735,813	\$299,375	12.3%
<i>Operations</i>	423,598	428,357	4,759	1.1%
<i>Purchase of Services</i>	2,012,840	2,307,456	294,616	14.6%
Early Intervention Program	19,618	20,095	477	2.4%
Habilitation Services	22,511	0	-22,511	-100.0%
Totals, Community Services	\$2,478,567	\$2,755,908	\$277,341	11.2%
General Fund	1,581,969	1,829,644	247,675	15.7%
GF Reappropriation	83	0	-83	-100.0%
PDF	1,100	1,200	100	9.1%
DDSA	0	300	300	100.0%
Federal Trust Fund	49,154	51,111	1,957	4.0%
Reimbursements	846,261	873,653	27,392	3.2%
Developmental Centers Program				
Total, Developmental Centers	\$707,129	\$705,181	-\$1,948	-0.3%
General Fund	354,759	378,663	23,904	6.7%
Federal Trust Fund	644	813	169	26.2%
Lottery Education Fund	1,646	2,259	613	37.2%
Reimbursements	350,080	323,446	-26,634	-7.6%
Headquarters Support				
Total, Headquarters Support	\$28,954	\$34,182	\$5,228	18.1%
General Fund	\$18,143	\$22,773	\$4,630	25.5%
Federal Trust Fund	2,113	2,113	0	0.0%
PDF	331	296	-35	-10.6%
Reimbursements	8,367	9,000	633	7.6%
			0	
State Mandates	\$0	\$4	\$4	100.0%
General Fund	0	4	\$4	100.0%
Totals, All Programs	\$3,214,650	\$3,495,275	\$280,625	8.7%
General Fund	1,954,871	2,231,084	276,213	14.1%
General Fund Reappropriation	83	0	-83	-100.0%
Federal Trust Fund	51,911	54,037	2,126	4.1%
Lottery Education Fund	1,646	2,259	613	37.2%
PDF	1,431	1,496	65	4.5%
DDSA	0	300	300	100.0%
Reimbursements	1,204,708	1,206,099	1,391	0.1%
Caseloads:				
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Authorized Positions:				
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